

Multiple Agency Fiscal Note Summary

Bill Number: 6468 S SB	Title: Honey beekeeper taxation
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Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(74,000)	(74,000)	(162,000)	(162,000)	(162,000)	(162,000)
Total \$	(74,000)	(74,000)	(162,000)	(162,000)	(162,000)	(162,000)

Local Gov. Courts *						
Local Gov. Other **	Fiscal note not available					
Local Gov. Total						

Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.1	21,300	21,300	.0	0	0	.0	0	0
Total	0.1	\$21,300	\$21,300	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 19864

Department of Revenue Fiscal Note

Bill Number: 6468 S SB	Title: Honey beekeeper taxation	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
GF-STATE-State 01 - Taxes 01 - Retail Sales Tax		(35,000)	(35,000)	(76,000)	(76,000)
GF-STATE-State 01 - Taxes 05 - Bus and Occup Tax		(39,000)	(39,000)	(86,000)	(86,000)
Total \$		(74,000)	(74,000)	(162,000)	(162,000)

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.1	0.1		
Fund					
GF-STATE-State 001-1	1,400	19,900	21,300		
Total \$	1,400	19,900	21,300		

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects language in SSB 6468.

This legislation provides business and occupation (B&O) tax exemptions for the wholesale sale of bee products and pollination services provided by beekeepers who are registered with the Department of Agriculture. Honey bees purchased by apiarists are also exempted from sales and use tax.

Sales and use tax exemptions for the agricultural use of diesel fuel are extended to commercial apiarists who are registered with the Department of Agriculture. These exemptions are also expanded to include the incidental use of diesel fuel on public roads to the same extent allowed under the special fuel tax statutes for the movement of a motor vehicle on a public highway between two pieces of private property when the movement is incidental to the vehicle's primary use.

This bill has an effective date of July 1, 2008

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS/DATA SOURCES

There are approximately 300 beekeepers and bee brokers that are registered with the Department of Agriculture. Department of Revenue (Department) data were used to determine the impact of the B&O tax exemptions. Since the industry is small, it was assumed that all beekeepers would register their colonies. The Department of Agriculture list of registered beekeepers was the primary source for determining the revenue impact of this legislation. Therefore, the revenue impact of the Substitute Senate bill is identical to the Senate bill.

For the sales and use tax exemption, it is assumed that half of all queen bees will be replaced each year at an average cost of \$15 each. This equates to \$582,000 per year to replace bees in the 77,600 colonies registered with the Department of Agriculture.

To be eligible for the sales and use tax exemptions for diesel fuel, the apiarist must sell honey bee products at wholesale and be registered with the Department of Agriculture. For this estimate, it is assumed that all eligible apiarists will travel off-road a combined total of 12,000 miles per fiscal year. Exempted sales on this small amount of fuel are not considered in this estimate.

In addition, the Department does not believe that extending the diesel fuel exemptions to the incidental use on public highways can be quantified and is not included in this estimate. This is based on the understanding that, under the Department of Licensing's administrative rule, WAC 308-77-015, the special fuel tax exemption for the incidental use of special fuels is limited to the movement of a vehicle that is not licensed and is not required to be licensed and the movement does not exceed 15 miles between two pieces of private property.

Since beekeeping is a small, specialized industry it is assumed that there will be no growth over the length of this fiscal note.

REVENUE ESTIMATES

State government would lose an estimated \$74,000 in Fiscal 2009 and \$162,000 in the 2009-11 Biennium. Fiscal Year

2009 represents eleven months of tax collections. Local government would lose about \$9,000 per fiscal year.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2008 - \$ 0
FY 2009 - \$ (74)
FY 2010 - \$ (81)
FY 2011 - \$ (81)
FY 2012 - \$ (81)
FY 2013 - \$ (81)

Local Government, if applicable (cash basis, \$000):

FY 2008 - \$ 0
FY 2009 - \$ (8)
FY 2010 - \$ (9)
FY 2011 - \$ (9)
FY 2012 - \$ (9)
FY 2013 - \$ (9)

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

To implement this legislation, the Department will incur costs of approximately \$1,400 in Fiscal Year 2008. These costs are for printing a special notice.

The Department will incur costs of approximately \$19,900 in Fiscal Year 2009. These costs are for amending two administrative rules. Time and effort equates to approximately 0.14 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		0.1	0.1		
A-		8,400	8,400		
B-		2,100	2,100		
E-	1,400	8,600	10,000		
J-		800	800		
Total \$	\$1,400	\$19,900	\$21,300		

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2008	FY 2009	2007-09	2009-11	2011-13
HEARINGS SCHEDULER	31,056		0.0	0.0		
RULES MANAGER	78,194		0.0	0.0		
RULES POLICY SPECIALIST	64,587		0.0	0.0		
TAX POLICY SPECIALIST 2	54,372		0.0	0.0		
TAX POLICY SPECIALIST 3	61,500		0.1	0.1		
Total FTE's			0.1	0.1		

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department will use the standard process to amend WACs 458-20-209, "Farming for hire and horticultural services performed for farmers", and 458-20-210, "Sales of tangible personal property for farming - Sales of agricultural products by farmers". Persons affected by this rule-making will be beekeepers and farm fuel sellers.